EDITOR'S NOTES: Reconsideration granted; affirmed as modified -- See 94 IBLA 129; The page numbering reflects changes noted in a March 28, 1985, Erratum.

AMOCO PRODUCTION CO.

IBLA 84-789 Decided February 15, 1985

Appeal from decision of the Director, Minerals Management Service, affirming an order requiring payment of additional royalties on gas produced under Outer Continental Shelf oil and gas lease. MMS-82-0046-OCS.

Affirmed.

1. Oil and Gas Leases: Royalties--Outer Continental Shelf Lands Act: Oil and Gas Leases

Where the lessee under an outer continental shelf oil and gas lease diverts gas produced under the lease from buyer A to buyer B in order to fulfill a warranty contract and computes royalty on the basis of the contract price to B, the Minerals Management Service may properly recompute the royalty based on the contract price to A where the price that would have been paid by buyer A represents the reasonable unit value of production under 30 CFR 250.64 (1982), i.e., the highest price which could be received for the gas at the time of production, despite prior approval of use of the warranty contract price for calculation of royalties for gas produced under other leases.

APPEARANCES: George J. Domas, Esq., Deborah Bahn Price, Esq., Bruce V. Schewe, Esq., New Orleans, Louisiana, for appellant; Charles R. Shockey, Esq., Office of the Solicitor, U.S. Department of the Interior, Washington, D.C., for the Minerals Management Service.

OPINION BY ADMINISTRATIVE JUDGE MULLEN

Amoco Production Company (Amoco) has appealed from a decision of the Director, Minerals Management Service (MMS), dated May 17, 1984, affirming an order issued by the Chief, Royalty Compliance Office, MMS, Tulsa, Oklahoma, dated September 20, 1982 (revised October 5, 1982), requiring payment of $1,435,825.97 in additional royalties for natural gas produced under lease OCS-G 1972, East Cameron Block 33, Offshore Louisiana, during the period from September 1977 to October 1981.

In his September 1982 order, the Chief, Royalty Compliance Office, concluded that appellant had undervalued natural gas produced between September 1977 and October 1981 by basing the royalty payments on the contract price set in a November 20, 1964, contract with Florida Gas Transmission Company (Florida Gas), which received the natural gas produced and shipped during the period in question, rather than the contract price set in a July 31, 1972, contract with Columbia Gas Transmission Corporation (Columbia Gas), which had previously received the natural gas. MMS noted that appellant had submitted the Columbia Gas contract to the Geological Survey (Survey) (MMS' predecessor in functions concerning offshore mineral lease management) on August 25, 1972, in accordance with 30 CFR 250.47 (1972) (redesignated 30 CFR 210.150 (1984)). This contract was submitted under cover of a letter which stated that, under the Columbia Gas contract "Amoco dedicates its share of gas produced from the East Cameron Block 33 Field [OCS-G 1972 lease] to Columbia Gas Transmission Corporation." MMS further explained:

> Based upon Amoco's submission, a determination was made that the FPC [Federal Power Commission] rates approved for shipments from East Cameron Block 33 to Columbia Gas Transmission Corporation represented the value basis for computing royalties in accordance with the requirements of 30 CFR 250.64 [(1982)], and [Survey] issued Amoco a letter dated August 31, 1972, which stated, "We have received your Gas Purchase and Sales Agreement dated July 31, 1972, with Columbia Gas Transmission Corporation, covering the sale of your share of gas produced from lease OCS-G 1972, East Cameron Block 33. Payment on the gas for royalty purposes shall be based on the field delivery volume times the FPC approved price, or a higher price, if received."
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> Royalty payments submitted to MMS through August 1977 were based upon the FPC-approved rates for shipments from East Cameron Block 33 to Columbia Gas Transmission Corporation. In September 1977, Amoco began to ship a majority of its share of the gas from East Cameron Block 33 to Florida Gas Transmission Company. It is our understanding that the shipments were made to Florida Gas Transmission Company under a transportation agreement approved by FERC [(Federal Energy Regulatory Commission), the successor to the FPC] in September 1977 between Amoco and Columbia Gulf Transmission Corporation where gas is delivered from East Cameron Block 33 to Florida Gas Transmission Company at a point in St. Landry Parish, Louisiana. We found no evidence that Amoco submitted to MMS the above transportation agreement or the Florida Gas Transmission Company contract as required by 30 CFR 250.47 [(1982)] for the disposal of lease products or to establish the value basis for computing royalties under the requirements of 30 CFR 250.64 [(1982)]. Beginning at this time and continuing through October 1981, the royalty payments to MMS were based upon the Florida Gas Transmission contract price of $.2125 Mcf.
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> A meeting with Amoco personnel was held on August 13, 1982, in the Tulsa MMS office to discuss the issue and ascertain Amoco's position. At that time, Amoco did not refute the fact that they had never requested nor received approval from MMS to sell gas production from East Cameron Block 33 to Florida Gas Transmission

> Company. The only approval for sales of production from East Cameron Block 33 requested and received by Amoco was the value determination letter from [Survey] dated August 31, 1972, covering sales to Columbia Gas Transmission Corporation.

MMS concluded that: "Since Amoco failed to adhere to the requirements of 30 CFR 250.47 [(1982)] and 30 CFR 250.64 [(1982)], MMS recomputed its royalties based upon the August 31, 1972, value determination letter and Amoco's fifty percent (50%) allocated share of the non-unit production and Amoco's sales from the unit production." MMS required appellant to submit the additional royalties "not later than October 15, 1982."

On October 13, 1982, appellant filed a notice of appeal from the September 1982 order to the Director, MMS. In its brief on appeal, appellant explained that it had submitted a copy of the November 1964 Florida Gas contract to Survey on June 29, 1966, under a cover letter that stated that the contract "does not provide for the present commitment or dedication to Florida [Gas] of specific leases or fields." Appellant stated that the Florida Gas contract did not initially cover sales of gas produced under lease OCS-G 1972 and that no such gas was being produced at that time. Appellant also stated that it had submitted a copy of an order by the FPC dated September 15, 1965 (Docket No. CI 65-584), granting a certificate of public convenience and necessity with respect to the November 1964 Florida Gas contract, essentially approving the Florida Gas contract, including the stated contract price. In addition, the order required the sellers to give notice to FPC identifying each field and each producer delivering gas to Florida Gas at the time of commencement of deliveries of gas from any particular field. 1/ Appellant also stated that the July 1972 Columbia Gas contract specifically provided that only 50 percent of the gas produced from lease OCS-G 1972 was committed to Columbia Gas. 2/ Appellant also submitted an affidavit by Brian J. Heisler, dated October 8, 1982. In his affidavit Heisler explained that, pursuant to a contract with Columbia Gulf Transmission Company (Columbia Gulf), the remaining 50 percent was to be delivered offshore to Columbia Gulf, an affiliate of Columbia Gas for delivery onshore "in partial satisfaction of Amoco's prior contractual obligations to Florida Gas Transmission Company and Florida Power and Light Company." Heisler explained that until 1977, 100 percent of the gas produced under lease OCS-G 1972 was sold to Columbia Gas because of delays in FPC approval of the Columbia Gulf contract. He further explained that with FPC approval in 1977, in an effort to reduce total gas produced from lease OCS-G 1972 and sold to Columbia Gas to the 50 percent set

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1/ The record indicates that appellant notified FERC on Jan. 10, 1979, that it was delivering gas to Florida Gas from the East Cameron Block 33 Field, Louisiana, pursuant to the November 1964 Florida Gas contract.

2/ As further proof that Survey was aware that the Columbia Gas contract had committed only 50 percent of the gas produced to Columbia Gas, appellant submitted a copy of a Mar. 9, 1973, letter from the Acting Oil and Gas Supervisor, Gulf of Mexico Area, Survey, which states: "Amoco owns 50% of lease OCS-G 1972, East Cameron Block 33, and Mobil has the remaining 50%. Amoco has committed 50% of its share of the gas from this lease to Columbia Gas, with the remaining 50% of its share being uncommitted at this time."

in the Columbia Gas contract and satisfy appellant's prior obligations to Florida Gas, appellant delivered all of the gas produced to Florida Gas. Finally, appellant stated that in forwarding the Columbia Gas contract to Survey it had "inadvertently neglected to inform the [Survey] that the portion of the gas that was clearly not committed to Columbia under this contract would be sold to FGT pursuant to the FGT contract."

Appellant argues that it had complied with 30 CFR 250.47 (1982) which required it to file with the Director, MMS, a copy of all contracts for the disposal of leased products. Appellant states that it had submitted copies of the Columbia Gas and Florida Gas contracts, but was not required to submit a copy of the Columbia Gulf contract because the Columbia Gulf contract did not deal with the valuation of gas for royalty computation purposes. Appellant also argues that it computed and paid royalties between September 1977 and October 1981 consistent with the August 1972 Survey value determination letter, which required payment at the Florida Gas approved price, because the Florida Gas contract price had been approved by FPC. Appellant noted that "on or about February 2, 1977," Survey in part approved the Florida Gas contract for computation of royalties for gas produced from leases other than OSC-G 1972 (Amoco Brief at 9). Finally, appellant contended that MMS and Survey had consistently accepted royalty payments for gas produced from various leases, including lease OCS-G 1972, through October 1981 based on the Florida Gas contract price and cannot retroactively change the method of royalty computation, citing Superior Oil Co., 12 IBLA 212 (1973). (Statement of Reasons at 12; Letter dated December 16, 1982, Domas to MMS).

In his May 1984 decision affirming the September 1982 order, the Director, MMS, concluded that the "FPC approved price" referred to in the August 1972 Survey value determination letter was the Columbia Gas contract price, i.e., "the only price established by FPC for production from [lease OCS-G 1972]" (Decision at 3). MMS noted that a March 9, 1973, Survey letter to appellant indicates that the Columbia Gas contract price would apply to all gas produced under lease OCS-G 1972. MMS also stated that it was justified in demanding additional royalties on the basis of the earlier value determination letter, when it discovered that appellant was submitting royalties on a "different basis," despite its prior acceptance of such royalties, citing Supron Energy Corp., 46 IBLA 181 (1980), appeal filed sub nom. Conoco v. Andrus, Civ. No. 80-0261 M (D.N.M. Apr. 17, 1980) (Decision at 4). Finally, MMS stated that it was entitled to apply the Columbia Gas contract price regardless of the fact that appellant had submitted copies of the Florida Gas and Columbia Gas contracts, the "voluntary diversion" of gas produced from lease OCS-G 1972 by appellant, or the royalty values for gas produced under "other leases." Id. at 4.

In its statement of reasons for appeal, appellant contends that, when the August 1972 and March 1973 value determination letters were issued by Survey, Survey was aware that appellant was committing only 50 percent of its share of the gas produced from lease OCS-G 1972 to Columbia Gas. Appellant contends that if the oil and gas supervisor had intended the term "FPC-approved price" to mean only the Columbia Gas contract price, he would have so stated. Appellant alleges that it has paid all royalties based on the "FPC-approved price." Appellant also states that it has not voluntarily diverted gas to Florida Gas to avoid paying royalties at the Columbia Gas contract price, as MMS intimates, but has merely complied with the Columbia Gas contract and prior Florida Gas contract commitments. Finally, appellant contends that MMS" valuation of gas produced under lease OCS-G 1972 and sold to Florida Gas at a price in excess of the FPC-approved price to Florida Gas, is inconsistent with the February 1977 Survey approval of the Florida Gas contract price for sales of gas from other leases and the findings in Amoco Production Co., IBLA 82-714, which culminated in Departmental recognition that the "FPC-approved contract price for gas sold to [Florida Gas] is the proper basis for the payment of royalties." Appellant concludes that this inconsistent treatment is arbitrary and capricious, citing Keen Transport, Inc. v. United States, 446 F. Supp. 5 (N.D. Ohio 1976) (Statement of Reasons at 11, 12). Appellant states that, for these reasons, MMS is not entitled to additional royalties.

In an answer to appellant's statement of reasons, MMS contends that the valuation of all gas produced under lease OCS-G 1972 for royalty computation purposes is governed by the August 1972 and March 1973 Survey value determination letters. MMS interprets the reference to "FPC-approved price" to mean the Columbia Gas contract price. MMS notes that appellant had requested a value determination for the total of its share of gas produced under the lease, and not just that portion committed to Columbia Gas. MMS argues that appellant cannot subsequently sell to Florida Gas at a reduced price, thereby unilaterally altering the "Secretary's right to receive royalties under the 1973 settlement," noting that appellant has neither contested nor sought to amend the 1973 settlement (Answer at 8, 9). MMS notes that the Columbia Gas contract price, the highest price received for similar gas, is considered by MMS to be the appropriate royalty valuation price consistent with 30 CFR 250.64 (1982) (redesignated 30 CFR 206.150 (1984)), and the Board's decision in Amoco Production Co., 78 IBLA 93 (1983), appeal filed, Amoco Production Co. v. Clark, Civ. No. CV 84-0916 (W.D. La. Apr. 6, 1984).

MMS stresses that the August 1972 and March 1973 Survey value determination letters constituted a settlement of appellant's royalty obligation with respect to gas produced under OCS-G 1972 and, in fact, was applied to all gas produced and sold "for almost five years." MMS contends that appellant was required to propose a "new settlement using the [Florida Gas] contract price" when it began sales to Florida Gas and that, having failed to do so, appellant remained bound by the 1972 and 1973 settlement (Answer at 12, 13).

MMS argues that even if the settlement between appellant and MMS and reflected by the 1972 and 1973 letters applied only to the 50 percent of the gas actually committed to Columbia Gas, the Columbia Gas contract price was the highest price received for similar gas under 30 CFR 250.64 (1982), and thus was applicable to the remaining 50 percent of the gas sold to Florida Gas (or anyone else).

MMS argues that the fact that it accepted royalties based on the February 1977 Survey decision with respect to other leases does not alter the validity of the 1972 and 1973 settlement with respect to lease OCS-G 1972, because the Secretary has the discretionary authority "to establish an appropriate royalty valuation for each lease" (Answer at 17). MMS also argues that its actions in response to a remand in Amoco Production Co., IBLA 82-714, did not constitute a recognition of the Florida Gas contract price as the proper basis for determining the royalties due under lease OCS-G 1972. MMS contends that since September 1977 appellant has been able, but simply unwilling, to sell gas produced under lease OCS-G 1972 at the Columbia Gas price and had the ability to meet the Florida Gas commitment by delivery of gas from other sources, concluding that the Government should not lose royalty revenues because of appellant's unilateral decision to deliver gas produced from lease OCS-G 1972 to Florida Gas.

[1] Prior to the 1978 amendment of section 8(b) of the Outer Continental Shelf Lands Act (OCSLA), 43 U.S.C. § 1337(b) (1976), this section required the payment of royalty of "not less than 12-1/2 per centum, in the amount or value of the production saved, removed, or sold from the lease." While OCSLA does not specify the method for valuing production, we recognized in Amoco Production Co., supra at 96, that the Secretary has "considerable discretion for determining what is the `value' of production." This discretion has been exercised in part by the promulgation of 30 CFR 250.64 (1982), which governs the valuation of production for royalty computation purposes.

In 1977 when appellant began its sales of gas to Florida Gas, 30 CFR 250.64 (1977) provided that the value of production shall be determined with "due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field or area, to the price received by the lessee, to posted prices, and to other relevant matters." In addition, the regulation provided:

> Under no circumstances shall the value of production of any of said substances for the purposes of computing royalty be deemed to be less than the gross proceeds accruing to the lessee from the sale thereof or less than the value computed on such reasonable unit value as shall have been determined by the Secretary.

Id. The regulation was amended effective December 13, 1979, but the above-quoted portion of the regulation was not substantially changed. See 44 FR 61886, 61903 (Oct. 26, 1979); 30 CFR 206.150 (1984).

MMS contends that valuation of gas produced under lease OCS-G 1972 is primarily governed by the August 1972 and March 1973 Survey value determination letters. In appellant's letter, dated August 23, 1972, transmitting the Columbia Gas contract to Survey, appellant stated that under the contract "Amoco dedicates its share of gas produced from the East Cameron Block 33 Field to Columbia Gas Transmission Corporation." The letter does not indicate that appellant was dedicating 50 percent of "its share of gas produced," rather than 100 percent. Thus, when Survey, in its August 1972 letter, determined that payment on "the gas" for royalty purposes should be based on the "FPC-approved price, or a higher price, if received," it appears that Survey intended the determination to apply to appellant's share of gas produced under lease OCS-G 1972. Appellant had not informed Survey that only 50 percent of its share of gas produced was being committed to Columbia Gas.

Appellant argues that any misconception was subsequently clarified by a February 20, 1973, letter to the Oil and Gas Supervisor, Gulf Coast Region, Survey, which specifically stated that 50 percent of appellant's share of the gas produced was "uncommitted." In this letter appellant also requested that MMS approve appellant's proposal

> to compute royalty in the following manner on gas produced from the above-mentioned lease and which is processed in the South Pecan Lake Plant. * * * The total value of the gas and products shall not be less than the field-metered volume times the FPC-approved price, or the higher price if received.

As can be seen, appellant's letter does not limit the approval of the valuation to that gas to be sold to Columbia Gas. The March 1973 Survey value determination letter, which approved appellant's valuation method, recognizes that 50 percent of appellant's share of gas produced under lease OCS-G 1972 is "uncommitted." While this supports appellant's allegation, the determination letter approves the value "for Amoco's share of the gas from the above lease," rather than 50 percent of Amoco's share. The letter does not state that the valuation method would apply only to that gas to be sold to Columbia Gas. Thus, we conclude that Survey's reiteration in the March 1973 letter that the value of gas produced shall be the "FPC-approved price or a higher price if received" applies to all gas produced under lease OCS-G 1972. We, therefore, agree with MMS that the valuation of gas produced under lease OCS-G 1972 is governed by the August 1972 and March 1973 Survey value determination letters. Neither letter had been challenged or amended and they remained applicable for royalty determinations for gas produced during that time period.

However, we do not agree with MMS that the term "FPC-approved price" is equivalent to the Columbia Gas contract price. Appellant was selling 100 percent of its share of the gas produced under lease OCS-G 1972 to Columbia Gas when the March 1973 Survey value determination letter was issued. However, the letter also indicates that Survey was aware that only 50 percent of appellant's share of gas produced was committed to Columbia Gas. This being the case, appellant could choose to sell the uncommitted portion of its share of production to other parties. The letter refers to the "FPC-approved price," rather than the "FPC-approved price for sales to Columbia Gas." We conclude that the lack of language specifically stating that the Columbia Gas price would be controlling reflects Survey's intent to value production based on an FPC-approved price or price received when appellant sold gas at a price higher than the FPC-approved price. This is consistent with 30 CFR 250.64 (1982) which requires that production be valued at not less than the gross proceeds received from the sale of lease products.

MMS argues in the alternative that, even if the August 1972 and March 1973 Survey value determination letters did not specifically incorporate the Columbia Gas contract price for calculation of sales to Florida Gas, the Columbia Gas contract price represents a "reasonable unit value" under 30 CFR 250.64 (1982). In Amoco Production Co., supra at 100, we recognized that MMS has the authority to superimpose a value determination "based on actual market conditions on any sales price which falls below the standard of reasonableness," such that the reasonable unit value of production is not less than the highest price received for similar gas. In that case, Amoco was not prevented from selling gas at the higher price because gas produced from lease

OCS-G 2866 and sold pursuant to a warranty contract had not been committed to the warranty contract. Thus, Amoco could have chosen to sell that production pursuant to any other contract. In the present case, MMS argues that the Columbia Gas contract price should be superimposed on the Florida Gas contract price because the Florida Gas contract was a warranty contract which therefore did not require the gas delivered under the contract to come from any specific well, and because the Columbia Gas contract price represents the "reasonable unit value" or the highest price which could be received for sales of gas produced under OCS-G 1972. There can be no question that the gas was similar.

Initially, it appears that MMS ignored the fact that valuation of production is governed by the Survey value determination letters, which are an implementation of Survey's authority under 30 CFR 250.64 (1982). These letters provide that the value of production shall be the "FPC-approved price, or a higher price if received." Thus, the terms of these letters would appear to provide for valuation of production at an FPC-approved price (the Florida Gas contract price), or at a higher price where a higher price (the Columbia Gas contract price) had been paid. The latter limitation is a reflection of the language in 30 CFR 250.64 (1982) that the value of production should be not less than the gross proceeds accruing to the lessee from the actual sale of lease products. However, the Survey value determination letters cannot be said to conclude that the FPC-approved price or higher price received are, per se, the "reasonable unit value" for gas produced and sold under lease OCS-G 1972 as is required by 30 CFR 250.64 (1982). In Amoco Production Co., supra at 100, the Board recognized the fact that the reasonable unit value "may not be less than the highest price received for similar gas." Indeed, 30 CFR 250.64 (1977) provided that:

> In the absence of good reason to the contrary, value computed on the basis of the highest price paid or offered at the time of production in a fair and open market for the major portion of like-quality products produced and sold from the field or area where the leased lands are situated will be considered to be a reasonable value. [Emphasis added.]

See Getty Oil Co., 51 IBLA 47, 51 (1980). We conclude that the Florida Gas contract price was consistent with the Survey value determination letters, but that this price did not represent the highest price which could be received for similar gas produced under lease OCS-G 1972 pursuant to 30 CFR 250.64 (1982). The "reasonable unit value" was represented by the Columbia Gas contract price. The Columbia Gas contract remained in effect and gas produced from lease OCS-G 1972 could have been sold pursuant to the Columbia Gas contract. 30 CFR 250.64 (1982) is controlling. While there is no question that between September 1977 and October 1981 appellant had the right to sell gas produced under lease OCS-G 1972 to Florida Gas, the Department is entitled to collect royalties on the basis of the highest price received for similar gas. In this case, that price is the Columbia Gas contract price.

3/ On appeal to the Board, appellant has apparently dropped its argument that the September 1982 MMS order constituted an improper retroactive change of the method of royalty computation. The Director, MMS, responded contending

Appellant also argues that, when MMS refused to use the Florida Gas contract price when setting a value on gas produced undeer lease OCS-g 1972 and sold to Florida Gas, it acted in an inconsistent manner. Appellant refers first to a February 1977 Survey letter which stated that the value for gas produced from certain other leases and sold to Florida Gas was the FPC-approved Florida Gas contract price. MMS argues this is permissible because the 1977 value determination letter is applicable only to thesale of gas produced from the other leases. However, MMS overlooks the fact that the gas sold to Florida Gas was also produced by AMOCOand offers no explanation for the different treatment. Nevertheless, as noted above, the MMS' evaluation in this case is governed by 30 CFR 250.64 (1982), not the August 1972, the March 1973, or even the 1977 Survey value determination letter. Neither MMS nor the Board may ignore a duely promulgated regulation of the department. 71 IBLA 42 (1983).

Appellant also argues that, as a result of the remand in Amoco Production Co., IBLA 82-714, the Department has recognized the Florida Gas contract price as the proper basis for royalty computation for gas sold to Florida Gas. In response, MMS states that the remand and subsequent vacation of the MMS order giving rise to this appeal merely reflected "a decision to review policy" after the remand of the other Amoco case and that the May 1984 decision which is the subject of this appeal herein resulted, in part, from this policy review. Appellant has presented no evidence that MMS has made a formal determination that the Florida Gas contract price was the proper basis for computing royalties due to the United States for gas produced under lease OCS-G 1972. Accordingly, we conclude that MMS has not acted in a manner which is inconsistent with Amoco Production Co., supra.

Where a party challenges a determination as to the value of gas or other hydrocarbons produced from a lease with the United States, the party must establish that the methodology used is, in fact, erroneous. Supron Energy Corp., 55 IBLA 318, 322 (1981), appeal filed sub nom. Atlantic Richfield Co. v. Watt, Civ. No. 81-0615 (D.N.M. filed July 29, 1981). Appellant, however, has failed to demonstrate error in the May 1984 MMS decision upholding the September 1982 royalty recomputation.

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fn 3 (continued)
that MMS was merely applying August 1972 and March 1973 Survey value determination letters when recomputing appellant's royalties. As noted above, the letters had been superseded by 30 CFR 250.64 (1982), which required recomputation of royalties on the basis of the highest price which could be received for sales of similar gas. As we observed in Supron Energy Corp., supra at 189 n.6: 'Where the Department directs lessees (even explicitly) to compute royalty in a manner which is beyond its authority to allow, it is not estopped by its acceptance of the erroneous payments from correcting its error. Atlantic Richfield Co. v. Hickel, 432 F.2d 587, 591 (10th Cir. 1979).' (Emphasis in original.) See also Gulf Oil Corp., 21 IBLA 1 (1975); Superior Oil Co., supra at 226 n.10. In the present case, the Survey value determination letters were contrary to 30 CFR 250.64 (1982). The value of production must be at least equal to the reasonable unit value. MMS was not estopped from recomputing royalties consistent with the regulation by acceptance of royalties computed pursuant to the determination letters.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

R. W. Mullen
Administrative Judge

We concur:

Franklin D. Arness
Administrative Judge

Will A. Irwin
Administrative Judge